



The FSD Journal

A monthly guide for insurance agents

reviewing annuity product quality and performance

February

Quality ♦ Integrity ♦ Expertise

2003

In this months issue:

- Annuity Review sales ideas, product comparisons
- SPDA & EIA Rates & Commissions!
- 3 Ways to Income!
- What is a Two Tier Annuities?
- Clients benefit from fixed annuities.
- About Us: The independent wholesaler
- Preview to next months FSD Journal.

Multi-Year Lock-in

4.85% FOR 5 YEARS

Hot Product

15% Interest Bonus

4.65% Minimum Guarantee

6.50% Commission

Call For Details!

What is the #1 concern of seniors?

A. Long Term Care

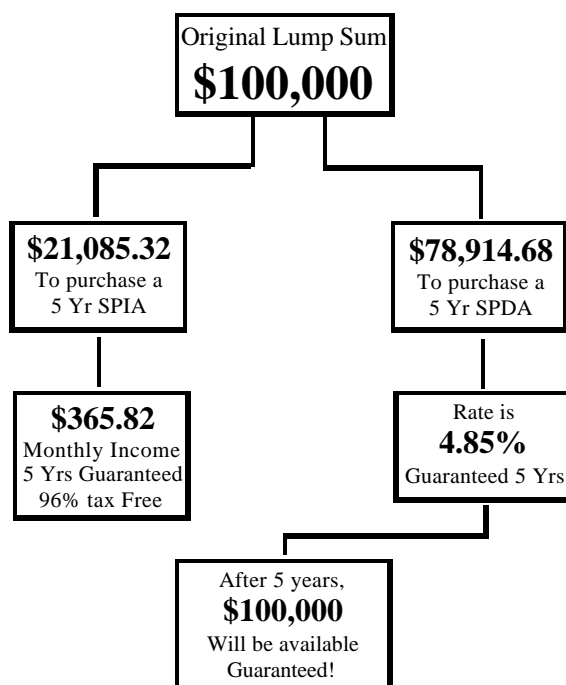
B. Low Interest Rates

C. Dying

D. Outliving Their Money

Answer In The Annuity Review!

Split Annuity Illustration



WASHINGTON AGENTS

New products have been recently approved in Washington.

F&G Bonus 555 a 10 years contract with a 15% bonus credited in years 8,9 &10.

Presidential Life Secure 4, 5 & 6 guarantee period matches surrender period. Current rates 4.10% for 4 years, 4.20% for 5 years and 4.30% for 6 years. The Secure series can be found on the NEW YORK annuity guide (enclosed).

Clarica Index - 8 Yr Annual Reset

No cap, No averaging, No Spread, simply get 32.5% of the growth in the S&P, lock-in and reset each year. More information on the Equity Index Annuity Guide inside.

The Annuity Review

A variety of sales ideas, product discussions/comparisons and miscellaneous thoughts

Fixed annuity sales in 2002 grew by about 60%. The reasons, I think are very obvious. Firstly, clients have become extremely risk averse. Secondly, as I experience everyday, many people who sold mutual funds or stocks need to make a living and now view fixed annuities as an ally not a foe. Even with interest rates relatively low, clients still benefit greatly from the positive aspects of fixed annuities. **1.** Annuities are safe investments. **2.** Yields are higher than CD's. **3.** Returns are TAX DEFERRED. **4.** Annuities can provide a guaranteed income for life (what else can?) **5.** Annuities can be a great source of income generation. Perhaps the least utilized fixed product offering is the SPIA. In the past, I have published articles about immediate annuities. (Please go to www.fsdfinancial.com to download SPIA article.) I have long felt that a lifetime SPIA with a money back guarantee feature is probably the most overlooked product we can offer. It is truly amazing how many people, if they annuitize for life, have enough money to provide an adequate monthly income and still have funds leftover for other investments. The past couple of years has taught many seniors that they should tie down at least some income on a guaranteed basis. There are 3 basic ways that fixed annuities can generate an income. Each has its own benefits. We can usually at least double income for seniors currently using C.D.'s to provide income. Give us a call at FSD and we can prepare an income illustration. Your senior clients need to increase their income without risk - we can help.

WHAT IS A TWO TIER ANNUITY?

Over the past few years a resurgence in sales of "two tier" annuities has occurred. I firmly believe this is due to very aggressive marketing efforts certainly not because of the contracts strengths. A two tier annuity, in my personal opinion, is deceptive. I am annoyed at how many two tier products are sold without an understanding that to receive anywhere near the promised rates, the contract must be annuitized. Why force a client to make that decision many years in advance. To change their minds clients must absorb potentially huge interest givebacks. The longer they hold the annuity the bigger the potential loss becomes. Studies have shown that over 95% of all annuity holders do not annuitize. I also find some agents don't know they sold a two tier product because it wasn't explained to them. Read the contract. I have been in this business over 30 years. I have seen a number of two tier products sold during that time. I have spoken to clients who are now shocked that their transfer value or surrender value (with no surrender charge applicable) are vastly different from their latest account statement. Their situation gets worse each year since the difference grows larger each year. Before you sell a two tier ask yourself what great benefit does the client receive for locking up his money forever. Call FSD for more details.

3 WAYS TO INCOME

Many seniors have seen their investment income drop severely over the past few years due to record low interest rates. That is a big problem. Fixed annuities can provide income in 3 basic methods. **1.** Life Annuity - provides guaranteed income for life. Large portion of payment is tax free. **2.** Systematic Withdrawal - automatically pays earned interest monthly. **3.** Split Annuity - produces a monthly income on one side and builds back to original premium on the other side. Payments 75-90% tax free. Any of these methods may double the monthly income. The split annuity and the systematic method also retain the original investment. Ask your clients if they want to safely double their income. Call FSD and we can illustrate how.

Bob Affronti

Cover Answer: D. Outliving Their Money - An SPIA is the ONLY product that guarantees they won't!

President



FSD FINANCIAL SERVICES

5530 Corbin Ave. #333

Tarzana, CA 91356

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FSD is a completely independent wholesale marketing organization working to meet our brokers' needs. We have developed relationships with many top-rated carriers wherein our selections are based on company ratings, product offerings and competitiveness. FSD believes in the *value-added* approach to insurance marketing; this is why you can have piece of mind that we hand pick our carriers in an unbiased manner to assure this tradition. Our large number of carriers assures that we can provide the products you seek. Our comprehensive approach brings together an international network of carriers and resources to provide you with a level of service unsurpassed in the wholesale brokerage community. At FSD we are serious about providing the Financial Planning Professional with prompt efficient service, case design, technical assistance and broad market access. In addition to supplying illustrations, we provide the annuity broker with all necessary forms and contracting, case submission, and post sale follow-up. At FSD we recognize that your time should be spent prospecting and selling--so leave the processing to us. We continuously monitor the status of each submission for you for fast and accurate results. FSD provides you with the expertise, technical support and comprehensive access to the complex annuity marketplace. FSD is dedicated to providing the information you need to assure that you are current on all relevant issues. For instance, we continually update and supply you with our FSD Deferred Annuity Guide--an easy to use SPDA spreadsheet featuring carriers & ratings, product information, and current interest & commission rates.

Next Month in: The *FSD Journal*

MARKETING ORGANIZATIONS

What you should expect from a Marketing Organization!

GET APPOINTED NOW

How getting appointed will help you make more sales.

9% RETURNS GUARANTEED?

See how one agent turned his clients \$20,000 annual income into a \$90,000 annual income.

RATES & TOP LEVEL COMMISSIONS

Deferred & Indexed Annuity Guides
Top Level Producer/Agency Contracts

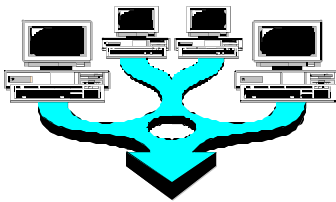
Conseco Updates Available On-Line

Product line including Equity Index Annuities.

Learn more about the financial status.

www.fsdfinancial.com or www.conseco.com

On-line Since 1995!



www.fsdfinancial.com

Rates/Commission/Sales Ideas

Product Brochures/Specials

800-373-9697

From Your *One-Stop Annuity Shop*:

Products not approved in all states.

Rates are subject to change at anytime.

Most current rates can be downloaded at our web-site.

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